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SUBJECT: NARCOTICS CERTIFICATION PROCEDURES FOR 2003

REF: A. STATE 153955 G. Hanoi 1043
B. STATE 99648 H. Hanoi 353
C. UNVIE 373 I. Hanoi 549
D. 02 Hanoi 2980 J. Hanoi 1504
E. 02 STATE 190339 K. Hanoi 550
F. HCMC 499 L. Hanoi 117
M. Hanoi 1538

1. (U) In response to ref a request, post is providing responses keyed to 2003 certification demarche points (ref b) as follow:

2. (U) Implementation of the counternarcotics Master Plan for 2001-2005:

--This is an ongoing activity that continues to make slow but steady progress. The United Nations Office of Drugs and Crime (UNODC) continues its support with a USD 276,000 project designed to assist the GVN to finalize the plan (which now is extended to 2010). The USG is contributing USD 100,000 to the project. According to UNODC Resident Representative Dr. Doris Buddenberg, the GVN submitted its final draft to UNODC in January and the plan now is in the Office of the Government (Prime Minister's office) waiting for approval. According to Dr. Buddenberg, approval should be forthcoming "soon," as MPS and MOLISA have resolved interagency issues concerning responsibilities for drug treatment and rehabilitation.

3. (U) Continued focus on narcotics-related corruption, including policy statements that make it clear that narcotics-related corruption will not be tolerated and will be severely punished, including the removal and prosecution of corrupt officials, when found:

--The UN, law enforcement agencies, and even the GVN view corruption in Vietnam as an endemic problem that exists at all levels and in all sectors. In its public statements, the GVN takes a strong stand against corruption in general, but has not singled out narcotics-related corruption for specific attention. Colonel Bui Xuan Bien, the director of the Standing Office for Drug Control (SODC), confirmed that "any GVN official who violates laws about corruption" would be prosecuted. A major criminal case (that of "Mafia" chief "Nam Cam" in Ho Chi Minh City) included charges of corruption, in addition to crimes such as murder, assault, gambling, etc. Two defendants had been expelled from the Communist Party of Vietnam's Central Committee in 2002 in connection with this case; one of these had also been a Vice Minister of Public Security. Another defendant had been the Deputy Supreme Prosecutor. Of the 155 defendants, including numerous police officials, 154 were found guilty. There were six death sentences and a variety of other prison sentences, including life imprisonment. On the day of the verdict, one of Nam Cam's top syndicate officials, Nguyen Van Hoa, and seventeen others were arrested in Japan for trafficking in heroin, according to press reports. In March, nine MPS officials were judged guilty for bribery. In June, the People's Court in Quang Nam province in central Vietnam sentenced the director of a state-run construction company to life imprisonment for embezzlement. In another case, President Tran Duc Luong rejected leniency pleas from two former executives sentenced to death for a scheme to "appropriate state property through graft," according to a May press report.

--Senior GVN officials continue to speak out against corruption. In late January, Prime Minister Phan Van Khai visited MPS and emphasized the need to fight all crime and corruption. In March, the Prime Minister said that officials who "turn a blind eye to drug-related crime will be punished." In February, the Ministry of Foreign Affairs spokesperson said in response to a question that the GVN considers the fight against corruption "an important task."

--A bilateral anti-corruption agreement with Sweden, providing about USD 2.7 million to fund research on socio-economic policy and anti-corruption measures over a three-year period was signed in 2002. Under the agreement, Sweden is supporting a study on the "institutional framework of anti-corruption policies." While the official agreement is with the Ministry of Planning and Investment, the actual partner is the Communist Party of Vietnam and, according to an official of the Swedish Development Corporation, the

program is "quite sensitive." A diagnostic study on how to implement the program "should be started by the end of the year."

14. (U) Developing and implementing regulations enabling the tools provided in the new counternarcotics law to be used fully and effectively to investigate major drug-trafficking groups:

-- The National Assembly passed a comprehensive counternarcotics law on December 9, 2000, which came into effect on June 1, 2001. The GVN directed MPS and other ministries, including the Ministry of Justice (MOJ), to agree on a common approach for implementation. In addition, MOJ was tasked with working with MPS and other relevant agencies to review existing counternarcotics legal documents and make appropriate amendments to facilitate implementation of the new law. According to Dr. Buddenberg, UNODC is assisting the GVN in an "ad hoc" manner in this area, especially concerning implementing decrees and legal training. There is now a "donor coordination" group consisting of Sweden, Denmark and the USAID-funded Support for Trade Acceleration project that meets once a month to discuss legal issues; however, the focus is not specifically on narcotics.

--Since our last report, the GVN has made public eight decrees related to the counternarcotics law. These decrees:

- list the narcotic substances and pre-substances;
- guide the control of lawful drug-related activities in Vietnam;
- stipulate the rehabilitation order, procedures, and regimes for drug addicts consigned to compulsory rehabilitation centers;
- designate family organization and community-based rehabilitation;
- prescribe the regime of compensation and allowances for individuals, families, agencies, and organizations suffering life, health, and property damage while participating in drug prevention activities;
- stipulate the rewards and commendations for individuals, families, agencies, and organizations recording achievements in drug prevention; and,
- assign responsibility on international cooperation in the field of drug prevention. According to DEA's Hanoi Country Office, this decree contains no concrete formulation for creating a framework to allow for information sharing and/or cooperative law enforcement efforts, however. The decree also does not provide implementing regulations for international controlled deliveries, which is at least mentioned in the 2001 drug law.

--An eighth (and key) decree, concerning law enforcement, has apparently been issued, but according to an MPS official, it has not been made public due to its "sensitivity." According to DEA, without knowing what is in this decree and/or without access to MPS officers, DEA (and other foreign law enforcement entities) are unable to know what law enforcement training would be most useful.

--A preliminary analysis by a UNODC legal official concluded that the decrees are "insufficient in terms of establishing a proper drug control legal system," however. The decrees tend to focus on drug control areas, which are "generally less complex and controversial," the official added. There is still a need for "new and proper" legal instruments in areas such as procedures, conditions, systems for investigations, international cooperation, extradition, controlled delivery, and maritime cooperation, according to the analysis.

--Another problem is Vietnam's lack of judicial capacity. The UNODC's Dr. Buddenberg lamented that this issue is "still not adequately addressed" by the donor community. Without improved judicial capacity, concrete progress in this area "will be difficult," she opined.

--While not directly related to the drug law, on May 29 the GVN issued Decree 58, which deals with the control of import, export, and transit of drug substances, precursors, additive drugs, and psychotropic substances. According to the decree, only businesses authorized by the Ministries of Health, Industry, and Public Security can import/export drug substances, precursors, additive drugs and psychotropic substances for specific, licit purposes. The GVN has tasked MPS to coordinate with other concerned ministries and agencies to manage and control the import/export of these narcotic substances. While this decree may prove useful, thus far the GVN has shown a tendency not to use the laws already on the books in a proactive manner.

--While the counternarcotics law allows for law enforcement techniques such as controlled deliveries, the GVN appears reluctant to engage in this area and/or meaningfully cooperate with DEA's Hanoi Country Office or other law enforcement entities in Hanoi (ref 1). In January,

February, and March 2003, DEA informed MPS' counternarcotics unit (C-17) about three major heroin shipments transiting Vietnam. C-17 officials did not respond or react to the DEA-provided information. According to DEA, implementing controlled delivery techniques could have resulted in major seizures. In addition, even when DEA has offered funding to assist in an operation, DEA's MPS counterparts have not cooperated. Furthermore, the MPS continues to stick to its line that it is unable to share operational information with DEA due to "national security considerations."

15. (U) Increased seizures of opium, heroin, and amphetamine-type stimulants (ATS), followed by increased investigations and prosecutions of traffickers:

--The GVN has continued to arrest and prosecute drug traffickers in 2003, but there is a relative decline thus far in 2003. According to GVN statistics, during the first five months of calendar year 2003, there were 4,135 drug cases with 6,310 suspects arrested. If projected over the entire year, it appears that case numbers will decline significantly - by 30 percent in the number of cases and by 35 percent in the number of suspects arrested. (Note: For past drug reports, we have routinely received such statistics from SODC. Despite several requests, SODC declined to provide us with updated drug statistics in 2003. We instead obtained the information from the Ministry of Labor, Invalids, and Social Affairs - MOLISA, which also plays a role in counternarcotics activities, primarily in the drug treatment and rehabilitation area. End note.) Concerning arrest and case statistics, DEA and other law enforcement entities have not changed their view that most arrests involve relatively low-level street dealers.

--On the seizure front, the official press (and post - ref j) reported on a major seizure of 40 kilograms of heroin that occurred in June. This seizure represents over 65 percent of the total amount of heroin seized in Vietnam (57.4 kilograms) during 2002. Despite this relatively impressive seizure, the UN's "Mini-Dublin" 2003 report noted that, Vietnam remains a "major transit route for drug traffickers, with Vietnamese traffickers demonstrating increased sophistication in trafficking techniques and concealment." The report further stated that Vietnam is atypical in that very few drugs (at least until this recent seizure) are seized at border crossings, indicating the "inefficiency of Vietnam's border control capacity."

--Attempting to address this issue, UNODC (supported primarily by the USG) will implement beginning in July 2003 a project to improve law enforcement and information capacity within the GVN. Concerning prosecutions, the GVN, according to law enforcement sources, moves fairly vigorously to prosecute those arrested. However, those prosecuted are generally street-level dealers. In addition, GVN law enforcement authorities have not demonstrated the will to pursue higher-level narcotics traffickers, according to DEA.

--Vietnam's threshold for the death penalty is among the lowest in the world and drug sentences tend to be harsh. Possession of 100 grams of heroin or 20 kilograms of opium can result in the death penalty, according to SODC and press reports. An April press report noted that a man and his wife in Vung Tau were sentenced to death for trafficking 33.3 kilograms of opium and 0.3 kilograms of heroin. From January to April 2003, 27 drug traffickers were sentenced to death. On June 12, a 15-year old Australian - Vietnamese girl received a life sentence for attempting to bring about six-tenths of one kilogram of heroin into Vietnam, according to a press report.

--MOLISA's statistics for seizures other than heroin also point to a sharp downward trend. Projecting the January - May statistics over CY 2003, opium seizures may decline 48 percent; cannabis 54 percent, and ATS by nearly 75 percent. Dr. Tran Xuan Sac, Director of National Policy and Planning in MOLISA's Department of Social Evils Prevention, nonetheless predicted that seizures would "probably increase" over the course of the year, while declining to explain how or why.

16. (U) Productive cooperation with regional neighbors, including Laos, the PRC, and Burma to reverse threatening trends in narcotics trafficking:

--During 2003, Vietnam has continued efforts at regional cooperation. According to a January 2003 "People's Police" press report, from 1998 to the end of 2002 the GVN sent 122 delegations, including over 700 counternarcotics police officials, to overseas training and/or conferences. Vietnam has existing counternarcotics MOUs with the PRC, Burma, Thailand, Cambodia, and Laos. In May, Vietnam was set to host an "MOU Conference" in Hanoi, but the conference was postponed until October due to SARS. According to SODC and press reports, in March MPS Deputy Minister Le The Tiem visited the PRC and discussed bilateral drug cooperation

with the leadership of the PRC's Drug Control Committee. Tiem also traveled to Thailand to learn more about Thailand's drug control activities; during this visit, Tiem also proposed hosting a drug control conference among six Vietnamese northern border provinces and two PRC border provinces. In February, another GVN delegation traveled to Thailand to attend a regional conference on controlling opium poppy cultivation. In April, Vietnamese and Lao provincial counterparts from Nghe An and Laos' Xiengkhouang provinces met to improve cross-border counternarcotics cooperation. In June, Vietnam hosted the ASEAN Senior Officials Meeting on Transnational Crime (SOMTC) and Counterterrorism as well as separate SOMTC+EU, SOMTC+China, SOMTC+3, and SOMTC+US sessions. The meetings included a discussion on regional drug issues. Specifically, the Burmese delegation discussed the need for an enhanced regional approach. According to DEA, there is no evidence that the attendance of GVN law enforcement officials at regional or international fora leads to enhanced cooperation, however.

17. (U) Continued eradication of domestic illicit poppy cultivation and support of crop-substitution projects to eliminate it completely:

--The USG officially estimates that there are about 2,300 hectares of opium poppy under cultivation in Vietnam. However, there has not been a satellite-based opium yield survey since 2000. This estimate is considered high by the GVN, UNODC, and law enforcement sources. The GVN estimates approximately 315 hectares of poppy cultivation in generally remote, mountainous regions. According to UNODC's "Global Illicit Drug Trends (2002)", "due to small production, Vietnam cultivation figures have been included in the 'other Asia' category since 2000." In 1999, the last year Vietnam was considered independently, UNODC estimated opium cultivation at 442 hectares. Based on numerous provincial visits, there appears to be a sincere effort to eradicate poppy, when found. However, GVN officials have admitted that complete eradication is unrealistic, given the remoteness of mountainous areas in the northwest and extreme poverty among ethnic minority populations who still use opium for medicinal purposes. Regrowth in remote areas, particularly in the northwest, remains a small, but apparently persistent problem, as does limited cannabis growth in areas near the Cambodian border. According to SODC's Bien, the GVN eradicated 124 hectares of opium poppy during the first quarter of CY 2003, virtually all of it in the northwest. Bien confirmed that "when we find poppy, we eradicate it."

--Regarding crop substitution, there is a major UNODC project (with significant USG support) ongoing in the Ky Son district of Nghe An province, one of the drug "hotspots" in northern Vietnam. This project, currently in its second phase, includes a crop substitution/alternative development component, where various types of fruit trees and other enterprises, such as bee raising, have been implemented in areas formerly dedicated to poppy. UNODC's Buddenberg viewed the first phase as "successful," with an increase in agricultural production and corresponding drop in drug activity. Based on an Embassy monitoring visit in April (ref g), there is progress in the livestock and agricultural models (the focus of USG assistance); however, the selection process of those receiving project assistance was not clear, a problem that UNODC is now addressing. A similar project planned in Son La province, another drug area along the Lao border, will not proceed. Prior to the proposed project signing, the GVN requested an alternate project location and more autonomy in administering the project. UNODC declined to meet the GVN's demands; after deliberation, UNODC decided not to proceed.

--In addition to Ky Son, the GVN's Ministry of Agriculture and Rural Development (MARD) has continued to support projects in various provinces. The GVN, through MARD, independently supports crop substitution projects in other provinces, including Hoa Binh, Yen Bai, Ha Giang, Cao Bang, and Lang Son. The GVN has tasked MARD to develop a national crop substitution proposal to include in the GVN's 2001-2005 Master Plan. To avoid indirectly encouraging poppy cultivation through subsidies for eradication, the GVN has placed all crop substitution subsidies under national programs to alleviate poverty in poor, mountainous regions.

18. (U) Continued focus on creating a legal framework to address money laundering and other forms of financial crimes:

--At present, money laundering is not considered a major issue in Vietnam because of the state-controlled banking system and high transaction costs. However, partly due to the work on terrorist financing, over the last year there has been a growing awareness and concern among State Bank of Vietnam (SBV) officials on the issue of money laundering and financial crimes in general. SBV officials have begun to

work with the U.S., the IMF, and other donors to identify and address weaknesses in their banking system. However, without major reform (including greater transparency), it will be difficult for sufficient safeguards to be introduced. According to a 2003 UNODC report, "Vietnam is obviously ill equipped to fight the escalation in financial crimes unfolding in most of Southeast Asia." While the State licenses wholly foreign-owned and joint venture state-private banks to operate alongside the State commercial banks, their market penetration and asset base are small. Foreign exchange currency controls for private and joint venture banks are considered to be strict. However, the banking system in Vietnam is segmented and lacks real, transparent, and easily verifiable controls. Although banks are under the supervision of the State Bank, that supervision is minimal. Vietnam is in the process of implementing banking reform as part of their World Bank and IMF loans, and some of that reform is relevant to these issues (increased transparency, more effective regulation, and overall stability of the banking system). It will be critical that reform of the banking system is accompanied by law enforcement training regarding financial crimes.

--There is currently no specific law in Vietnam regarding money laundering, although it is mentioned in the comprehensive counternarcotics law very generally, but internal discussion has begun on the need to draft specific regulations on this issue. According to UNODC, the GVN is aware of the potential problem and "trying to take preventive measures" such as inviting international experts and participating in ILEA training. To that end, post had lined up several appropriate State Bank officials to attend ILEA-sponsored training on financial crimes in May; unfortunately, Vietnam's participation in the course was cancelled by ILEA due to SARS.

19. (U) Increasing efforts to support drug awareness and prevention, demand reduction, and treatment of drug users and addicts:

-- The GVN views drug awareness and prevention as a significant objective in its fight against drugs as well as an integral part of its efforts fully to comply with the 1988 UN Drug Convention. The GVN has continued a steady drumbeat of anti-drug propaganda, culminating in June's drug awareness week (the week of June 23). If last year's activities are any guide, during the week youth and mass organizations will engage in various activities to spread the anti-drug message. These include art contests, speeches, and meetings. Within the past few months, state-controlled television has begun a weekly program called "SOS Drugs" and has been airing a series of anti-heroin spots. According to the UNODC's Buddenberg, Vietnam and UNODC will be signing an agreement to implement a demand reduction project (supported mainly by Italy) "within the next few months."

-- By the end of 2002, the GVN admitted officially to 142,000 registered addicts, although the UN and other agencies suspect the actual number is substantially higher. Even that official figure is 25 percent higher than 2001. MOLISA is the GVN ministry tasked with providing drug treatment services. Since 2001, embassies have visited most drug treatment centers in northern Vietnam as well as some in the south. According to SODC, there are 73 centers at the provincial level, which have a capacity of between 50 to 3,000 addicts each. Provincial authorities run most centers, but some are supported by mass organizations, such as the Youth Union. Drug treatment centers range from the most basic to relatively modern. Most suffer from a lack of physical and material resources. The addict population is a combination of those who enter voluntarily and others who are undergoing "compulsory" treatment. Drug treatment, as with other public sector services in Vietnam, suffers from a lack of resources. However, the GVN has continued efforts to expand drug treatment in 2003. According to a March press report, of 142,000 addicts, approximately 48,000 had undergone detoxification treatment.

--Some drug treatment centers suffered some escapes, likely due in part to a 2002, GVN decree that mandated minimum stays of one year. No such escapes have been reported in 2003, however. Vocational training in the centers is uneven, ranging from fairly good to nonexistent. This is mainly due to a lack of resources. Lack of resources has also had a negative impact on the GVN's plan to improve drug treatment in one of Vietnam's "hotspot" provinces, Nghe An. A 700-bed center was scheduled to fully open in early 2003, but due to funding constraints, this has been delayed until the end of 2003, according to MOLISA's Dr. Sac. Presently, there are "only a few addicts" staying in the partially completed facility, he added.

--In addition to drug treatment centers, those with less severe addictions may be treated under a community-based treatment scheme (ref I). Despite apparently good

intentions, it appears that implementation is rather thin and uneven, with "peer pressure" the main component of treatment following detoxification. Community-based treatment nonetheless at least provides addicts with a supportive infrastructure (and limited vocational training) that would otherwise not be available.

--During its June 2003 session, the National Assembly approved a five-year pilot project on post-treatment vocational training developed by the HCMC People's Committee. The one to three-year program is compulsory for those judged at high risk for returning to drugs. It is voluntary for others who have finished their compulsory treatment and judged less at risk. According to Nguyen Hoang Mai of the National Assembly's Social Affairs Committee, the goal of the program is to try to reduce the relapse rate (generally estimated at about 80 percent, similar to western countries) by providing recovering addicts with more skills that will enable them to assume "productive lives after treatment." The pilot project, set to begin on August 1, will be implemented in HCMC (where the relapse rate may be as high as 90 percent), and other provincial cities, according to press reports.

10. (U) Signing a narcotics agreement with the United States to permit even closer counternarcotics cooperation between Vietnam and the United States:

--We are unable to report progress on this front during 2003. The GVN has yet officially to respond to the Department's October 2002 non-paper, despite repeated promises to do so. The GVN apparently harbors concerns over concerning human rights, taxation, and the training participant certification regarding non-drug trafficking (refs k and m). The MFA has also unofficially expressed concern over what officials have termed the "small size" of the projects attached to the draft Letter of Agreement (LOA). Senior GVN officials and official documents continue to claim that signing the agreement remains a priority; this view has not thus far translated to meaningful progress. Both countries nonetheless agree in principle that an LOA would enhance cooperation and allow the bilateral relationship to develop further.
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